

21/9/2019

Advisor (B&CS),  
The Telecom Regulatory Authority of India,  
Mahanagar Doorsanchar Bhawan,  
Jawahar Lal Nehru Marg,  
New Delhi – 110 002

Kind Attention: Shri Arvind Kumar

Sub: Consultation Paper on Tariff Related Issues for Broadcasting and Cable Services Dated 16<sup>th</sup> August 2019.

Dear Sir,

On behalf of Asianet Digital Network Pvt Ltd, we congratulate on the successful implementation of New Tariff Order 2017, Interconnection Regulations 2017 and Quality of Service Regulations, 2017.

We appreciate the Authority's efforts to address a few issues raised post the implementation quickly.

We submit our comments on the Consultation paper herewith.

Your Sincerely,

For Asianet Digital Network Pvt Ltd

**Consultation Paper on Tariff related issues for Broadcasting and Cable services dated 16<sup>th</sup> August, 2019**

- (1) Do you agree that flexibility available to broadcasters to give discount on sum of a-la-carte channels forming part of bouquets has been misused to push their channels to consumers? Please suggest remedial measures.**

*Yes. The flexibility is misused by the broadcasters leading to subscribers paying more for fewer channels because of the channel packaging adapted by the broadcasters:*

- i) Broadcasters have packaged the channels in such a way that the unwanted channels are pushed to ensure viewership of such channels by way of piggy ride on the driver channels by deep discounting a bouquet of channels vs price of Sum of a la carte channels, making a la carte option unattractive.*
- ii) It is seen that several broadcasters have come up with bouquets carrying 25-30 channels which include channels of multiple languages and multiple genres.*

*For example, a rural Hindi family while wanting a Hindi GEC channel for basic entertainment is forced with English channels/ Kids channels/ sports channels / Infotainment channels – thus increasing the cost.*

- iii) Minimum Guarantee linked discount: DPOs have packaged the channels as demanded by the broadcasters – just to earn the broadcaster discount of 15% – which every broadcaster linked to MINIMUM GUARANTEE (Minimum penetration of 80% of a specific bouquet in the target market) and above. This 15% discount to MSO is significant as the MSO only gets about 10% margin (out of distributor fee of 20% as MSO has to share minimum 45% of 20% with LCOs).*

*The entire value chain has been aligned to push the bouquet (despite the higher cost compared to pre NTO) to subscriber to meet their interests. This is evident from annexure II of the consultation paper which shows that more than 80% of channel off take is happening through bouquet format instead of a la carte.*

As long as minimum penetration condition is allowed to ear broadcaster discounts, such high offtake through bouquets will continue because it meets the interests of the broadcasters and DPOs.

*It is recommended to distribute the MRP between broadcaster, MSO and LCO in the ratio: 45:35:20 as in the earlier regimes – without linking to the channel penetration.*

*Future threat: By bringing a cap on discounts on bouquets (which will increase the bouquet cost) and allowing minimum guarantee linked discount, there is a threat of existing bouquets (even with a proposed cap on discount ) being pushed to subscribers at further higher cost.*

*For example, a bouquet of 10 channels at Rs.7 each adding upto Rs 70 may be offered today at 50% i.e. Rs.35 as a bouquet.*

*If a discount cap of 10% is applied, the cost of the bouquet can not go down below Rs 63 which means an 80% increase in bouquet cost from Rs 35.*

*It is recommended that the broadcaster discount be given to MSOs without linking to minimum penetration as was recommended by the Authority in the earlier regulations. It is recommended that the MRP be distributed in the ratio of 45:35:20 between broadcasters, MSO and LCO irrespective of whether it is an a la carte or a bouquet and irrespective of channel offtake.*

**2) Do you feel that some broadcasters by indulging in heavy discounting of bouquets by taking advantage of non-implementation of 15% cap on discount, have created a non-level field vis-a-vis other broadcasters?**

*Yes. We agree that several broadcasters have given deep discounts on the MRP of a bouquet vis a vis the sum of a la carte prices leading to non level field, which needs to be corrected.*

**3) Is there a need to reintroduce a cap on discount on sum of a-lacarte channels forming part of bouquets while forming bouquets by broadcasters? If so, what should be appropriate methodology to work out the permissible discount? What should be value of such discount?**

*a) There is a need to introduce a cap on discount on sum of a la carte channels so that the bouquet pricing has correlation with a la carte pricing.*

*b) Methodology: As Broadcasters and DPOs both can form bouquets, the discount cap has to be the same so that both have equal power to form bouquets unlike in the current situation where broadcasters have power to offer steep discounts on their own channels (to the tune of 40-75%) while DPOs have limited power to offer discounts.*

*It may noted that the DPOs can only offer discount out of the distribution fee DPO gets from broadcaster. In the case of MSOs it is about 10% of MRP after sharing with LCO(though regulations allow 55% of 20% = 11%)as MSO has to share the distributor fee with LCO.*

*The quantum of discount on bouquet of channels can not exceed the net margin MSO (net of share to LCO) gets from distribution fee – which is currently less than 11%(55% of 20%).*

*c) DPOs can not form attractive bouquets (with thin bouquet discounts out of 10% margin they get) to compete with broadcaster bouquets (who have pricing power to give maximum discounts) unless DPOs have enough margin to play with.*

*d) For DPOs to make bouquets with discounts at par with broadcasters, the broadcaster discount – which is allowed at 15% may be enhanced to 30% in addition to distribution fee of 20% and be given to DPOs compulsorily so that DPO has enough margin to form DPO bouquets which can compete with broadcaster bouquets.*

*This compulsory discount of 30% in addition to the 20% distributor fee will pull out the DPOs from Broadcaster clutches who are currently achieving their bouquet penetration (as high as 80%in a target market ) linking the discount to bouquet penetration.*

*Broadcaster discount to DPOs has to be delinked from bouquet penetration target to facilitate a la carte choice to subscribers.*

*e) Quantum of Cap on discount:*

*The quantum needs to be technically capped at the distributor margin MSO gets (11% of MRP) as the DPO bouquets and broadcaster bouquets should be similarly placed.*

- i) There is a need to restore relevance of DPO bouquet which is ineffective now(as broadcaster bouquets have steep discounts)*
- ii) the DPOs get a distributor commission of 20% only which in turn needs to be shared with LCO in the case of DAS – thus MSO gets a net commission of only 11% of MRP and any higher cap on discount will bring imbalance in the bouquet creation by broadcasters and DPOs.*
- iii) If the discount cap on broadcaster bouquet is 15%, and if MSO needs to make its own DPO bouquet with 15% discount, it is not viable for MSO :*

*as MSO needs to pay the a la carte rate to broadcaster and pay LCO his commission of 9% (45% of 20%), thus MSO will get net 11 %(20% - 9%to LCO)but needs to give bouquet discount of 15% which means MSO will lose 4% to create a DPO bouquet which will make DPO bouquet concept irrelevant.*

**4) Is there a need to review the cap on discount permissible to DPOs while forming the bouquet? If so, what should be appropriate methodology to work out the permissible discount? What should be value of such discount?**

*To make the DPO bouquet relevant, the cap on discount for DPO bouquet should be same as the cap on the bouquet by broadcaster.*

*As MSOs get only 11% of channel MRP (out of 20% distributor fee) as its margin, the discount cap on bouquet has to be lower than 11%.*

*Additional discount of 15% of MRP is used by broadcaster to push the specific bouquet in a target market.*

*To break the shackles of forced bouquets on subscribers and to empower the subscriber, it is recommended that the MRP be shared by Broadcasters/MSOs/LCOs in 45:35:20 ratio so that the value chain does not work on vested interests to push bouquets.*

*As detailed in Question (3), the cap should be based on the distributor commission allowed in the regulations as MSO can only give discount out of the Distributor commission MSO gets on a la carte channel.*

**5) What other measures may be taken to ensure that unwanted channels are not pushed to the consumers?**

*a) Other than the cap on discounts on bouquet, the regulation should remove the provisions which allow pushing the bouquets – like penetration incentive which is pushing DPOs to reach the targeted penetration target for a specific bouquet in a target market- just to earn the incentives.*

*The earlier system of sharing MRP between the stakeholders in the value chain in the ratio of 45:35:20 will remove DPOs pushing the specific broadcaster bouquets to earn discounts from broadcasters.*

*b) The bouquet formed should be of a single language or genre.*

*In multi lingual country like India, a small percentage of people speak multiple language and are also interested in multiple genres.*

*It is observed that several bouquets have regional language channels / Hindi channels combined with English channels / sports channels/ Kids channels making it as large as 25 -30 channel bouquet thus increasing the cost as well,*

*To avail sports channels during the popular sports event, it is not in the subscriber interest to allow to form a bouquet with Sports and GEC channels.*

*A customer can always add the required sports bouquet whenever needed or on a full year basis as per his needs.*

*In the event such a multi lingual/ multi genre bouquet needs to continue, it should be mandated that such a broadcaster also provides smaller bouquets based on regional language channels as well genres so that the DPO /subscriber does not have to buy 30 channel bouquet to cater to 3-5 channel requirement.*

**6) Do you think the number of bouquets being offered by broadcasters and DPOs to subscribers is too large? If so, should the limit on number of bouquets be prescribed on the basis of state, region, target market?**

*The number of boquets is large and the boquet size is also large (with 25-30 channels) because the broadcaster has tried to form various permutations and combinations of :*

- a)languages*
- b) genres and*
- c) the same offered separately as SD and HD in combinations.*

*However, number of bouquets by a broadcaster is not a problem, as the DPO can restrict the same and offer only what is needed based on target market.*

*To make it simple for consumer and also not burden with unwanted channels, the following may be considered:*

*Just because 10% of the people who speak language A also speak language B, it is not needed to make a combination bouquet of languages A and B. Those 10% people can add B bouquet separately.*

*Some channels are seasonal – like sports during popular sports events and Kids during holiday seasons and hence should be kept as separate bouquets which can be offered as additional boquets rather combining with driver channels in GEC/Movies.*

*A customer who wants multiple languages/ genres can always add them as another bouquet.*

**7) What should be the methodology to limit number of bouquets which can be offered by broadcasters and DPOs?**

*Since majority of MSOs are regional MSOs, they will decide which broadcaster bouquets are relevant for its market.*

*At broadcaster level, there need not be any limitation on number of bouquets offered. In fact, there is a need for more number of smaller bouquets language wise / genre wise which can be made use of in DPO bouquets and will also make DPO bouquets affordable.*

*It may be observed that the cost of current bouquet is higher as some broadcasters have bundled multiple language/ genre channels in the same bouquet. The cost can come down if the same bouquet is broken into language wise and genre wise.*

*For example, a typical bouquet of 9 channels may be offered in sub bouquets which make the bouquet small and relevant.*

<i>A Bouquet of 9 channels</i>	<i>Recommended Bouquets – small and relevant</i>
<i>Regional GEC</i>	} <i>A separate Bouquet of 3 regional channels</i>
<i>Regional Movies</i>	
<i>Regional Music</i>	
<i>Sports 1</i>	} <i>Sports Bouquet of 2 channels</i>
<i>Sports 2</i>	
<i>Kids channel</i>	<i>Kids channel</i>
<i>English news channel</i>	<i>English news channel</i>
<i>Infotainment channel1</i>	} <i>Bouquet of 2 Infotainment Channels</i>
<i>Infotainment channel2</i>	

*The bouquet formation should be limited to a language or genre and not to allow combination of languages and genres.*

*If for some reason, such multi language bouquet is not possible, there should be smaller bouquets language wise so that subscriber does not end up subscribing to a large bouquet of 20 channels made up of multiple languages / genres but can pick a bouquet of his language/ genre.*



**8) Do you agree that price of individual channels in a bouquet get hedged while opting for a bouquet by subscribers? If so, what corrective measures do you suggest?**

*Yes. The broadcasters have priced unpopular channels at as low as 10 paise just to make it part of the bouquet to piggy ride on the popular channels.*

*While ideal situation is complete a la carte selection and while broadcasters have offered large bouquets, the optimum solution will be smaller bouquets of same language / same genre.*

*As suggested earlier in Question 7, bouquet formation should be regulated to ensure that only channels of same language to be included in a genre. The channels within the same language bouquet should be available on stand alone basis genre wise, in smaller bouquets.*

**9) Does the ceiling of Rs. 19/- on MRP of a a-la-carte channel to be part of a bouquet need to be reviewed? If so, what should be the ceiling for the same and why?**

*Yes. After the NTO -2017, the pay channel costs of some of the channels went up multifold (3x to 6x) with the same content which is unjustified.*

*While the pay out to the broadcasters has gone up multifold, in order to keep subscriber burden under control MSO/ LCOs are squeezed. NTO has facilitated such profiteering by a few broadcasters with multifold price increase with no change in content.*

*The MRP of the channel within a bouquet should be kept at Rs 10 per channel or at pre NTO level whichever is lower.*

*There is also a threat that some broadcasters may again increase the MRP and if needed, keep the driver channels out of the bouquet to comply with regulations. This can further lead to multifold increase in the channel price. Hence it is recommended to keep a price cap on “a la carte channel Out of the bouquet” also at Rs .15 to avoid a further increase in prices.*

**BOUQUET FORMATION:**

**10) How well the consumer interests have been served by the provisions in the new regime which allows the Broadcasters / Distributors to offer bouquets to the subscribers?**

*Most of the subscribers opted for the DPO recommended bouquets.*

*DPO bouquets are currently nothing but FTA channels + a few broadcaster bouquets. Thus DPOs ended up pushing broadcaster bouquets rather than making their bouquets with channels of various broadcasters according to local subscriber requirements.*

*While there is a provision for DPO to form their own bouquets based on local subscriber needs, there is disincentive for DPOs to make a bouquet of a la carte channels as they get small “net” distribution fee of 11% (20% less 9% to be shared with LCO ) while DPO gets 15% discount by pushing broadcaster bouquet to cross the penetration target set by broadcaster.*

*It is recommended to increase the broadcaster discount to 30% (in addition to distribution fee of 20%) so that DPOs have cushion to make bouquets and offer discounts on DPO bouquets as being done by broadcasters.*

*Broadcaster bouquets: As mentioned in 3.52 of the consultation paper, it was expected that Broadcasters would “make a small bouquet of same genre or some popular channels so that it makes life easier for subscribers”.*

*But in reality, the broadcasters created bouquets with a large number of channels (20-30 channels in a broadcaster bouquet is common) of channels covering multiple languages and multiple genres without an option for a common man to select say “regional bouquet of channels” alone.*

*A common man in rural India is forced to pay for English channels / sports channels (irrespective of sports events not being there through out the year) though he just wants popular vernacular entertainment channel(s).*

*Another important factor for increase in the costs is the removal of cap for pricing the channel (outside the bouquet) and keeping a high cap of Rs 19 for channels to be allowed in a bouquet vis a vis a much lower*

*price in the pre NTO era. A few channel prices have gone up by 400%-600% compared to prices pre NTO .*

**11) How this provision has affected the ability and freedom of the subscribers to choose TV channels of their choice?**

*Majority of Subscribers have opted for the DPO recommended packs because they found it broadly convenient as recommended by MSO/LCO or they were ignorant of the regulations.*

*Many DPOs have come out with recommended or suggestive packs including “driver bouquets “ of “driver broadcasters” of these driver broadcasters as it is uneconomical to include a la carte channels in DPO bouquets as:*

- a) DPO gets only about 10% of MRP (out of 20% distributor fee) and*
- b) has to forego the broadcaster discount of 15% which are available only for pushing the bouquets to a minimum threshold penetration %.*
- c) DPO can not give deep discounts like broadcaster has done with its bouquets.*

*While Authority has a vision to promote a la carte option, in reality, giving a la carte channel is not in the interest of broadcaster but also is a disincentive for DPO as it means forgoing the broadcaster discount / incentives which are based on “specific” bouquet penetration in a target market.*

*Since DPOs did not have the power to discount the channels in DPO bouquets, DPO bouquets are nothing but a master carton box having broadcaster pay channel bouquets, which is against the spirit of DPO bouquets.*

**12) Do you feel the provision permitting the broadcasters / Distributors to offer bouquets to subscribers be reviewed and how will that impact subscriber choice?**

*Yes, The bouquet systems needs to be reviewed as below:*

- a) While a larger bouquet can be there, there has to be a smaller bouquet at language level and genre level.*

*For example if a broadcaster formed a bouquet consisting Telugu Entertainment/movies/Music + sports channels + English channels + Hindi channels, it must be mandatory to provide smaller bouquets separately consisting Telugu channels, Sports channels, English Channels and Hindi Channels so that a rural Telugu speaking population (running into a few crores) are not forced to take unwanted languages / genres.*

- b) There has to be linkage between a la carte prices and bouquet prices to avoid deep discounting of bouquets by keeping a cap on discounts at 10%. The discount cap can not be more than the net margin MSO earns on distributor fee (which is 11% of Channel MRP).*
- c) Cap on discounts on Dpo/ Broadcaster bouquets: As the cap will be uniform for broadcaster bouquet and DPO bouquet, it may be kept in mind while broadcaster wants to push a unpopular channel with a popular channel and hence is willing to give a (deep) discount, there is no such motive for a DPO as DPO is only looking to make it convenient for a subscriber to pick a bouquet.*

*DPO can not give away the small distributor fee it gets as a bouquet discount and thus DPO will have less power to discount compared to a broadcaster.*

*As DPO gets net 11% (55% of 20% = 11%) of MRP after sharing the distributor fee with LCO, the cap on discount can only be less than 11%. Otherwise, DPO bouquets will be low on discounts and end up being irrelevant and broadcaster bouquets will continue to rule the industry as they can offer higher discounts.*

- d) The regulation should not incentivize the DPO to push a specific bouquet of broadcaster in a target market by linking the broadcaster discount to the bouquet penetration percentage.*

*It is recommended to follow the previous regimes regarding the sharing pattern between Broadcaster/MSO and LCO as 45:35:20.*

**13) How whole process of selection of channels by consumers can be simplified to facilitate easy, informed choice?**

*A) Vast majority of subscribers have a core requirement of content – regional channels / Hindi and broadcaster must have a bouquet limited to each language (instead of making a large multi lingual / multi genre bouquet) as this can reduce the cost to the subscriber.*

*B) The broadcaster discount of 15% should not be linked to minimum guarantee of penetration in the market. In order to achieve the targeted penetration, every player in the value chain pushes the bouquet irrespective of the subscriber requirements.*

*C) If it is linked to the penetration %, the DPOs will also be forced to be aligned with broadcasters to promote the unwanted channels to even customers who do not want any of the broadcaster bouquets..*

**14) Should regulatory provisions enable discount in NCF and DRP for multiple TV in a home?**

*At the current NCF at Rs 130 p.m for 100 channels, it has been a challenge to manage the network in a semi urban / rural areas as the density of subscribers is less and capital expenditure per subscriber is more compared to a metro city where apartments are more.*

*Further reduction in NCF will adversely affect the MSO and LCO.*

*It may also be noted that provision of discount for a multi TV home is prone to misuse as, often owner and tenant of the building can misrepresent it as additional connection just to avail the discount.*

*However, if any DPO wants to offer a discount, it may be allowed. But the discount should not be mandatory.*

**15) Is there a need to fix the cap on NCF for 2<sup>nd</sup> and subsequent TV connections in a home in multi-TV scenario? If yes, what should be the cap? Please provide your suggestions with justification.**

*As replied in Q14, it is recommended not to impose any caps on NCF in multi TV scenario. However, it may be permitted if any DPO wants to offer discounts.*

**16) Whether broadcasters may also be allowed to offer different MRP for a multi-home TV connection? If yes, is it technically feasible for broadcaster to identify multi TV connection home?**

*As it is difficult to identify the multi TV home vs single TV home and is prone to misuse by DPO/ LCO/ subscribers, MRP of channels / bouquets for all connections may be the same.*

**17) Whether Distributors should be mandated to provide choice of channels for each TV separately in Multi TV connection home?**

*As each STB is a separate subscriber, the choice of channels for each TV should be as per the request of subscriber.*

**18) How should a long term subscription be defined?**

*Any plan of more than 3 months should be treated as a long term subscription with advance subscription and any other service beyond the chosen pack should be adjusted from the advance paid on daily burn rate.*

*Since the subscribers want flexibility to add or delete channels, the long term subscription may be in terms of a recharge value rather than x number of months of subscription.*

**19) Is there a need to allow DPO to offer discounts on Long term subscriptions? If yes, should it be limited to NCF only or it could be on DRP also? Should any cap be prescribed while giving discount on long term subscriptions?**

*Long term plans are convenient to subscribers as otherwise, the subscriber has to remember and renew every 30 days and end up with blanking of services. Subscribers prefer to pay an ad hoc amount as top up. The time gap between expiry and renewal is also a revenue loss for DPO and broadcaster and inconvenience to subscriber.*

*Service providers encourage Long term subscription from subscribers and are willing to give some financial benefit to encourage loyalty to subscribers.*

*As it is a subscriber friendly approach, the Authority may allow discounts / benefits by the service providers linked to cost of capital, as they deem fit to encourage long term subscription.*

*The maximum discount for 12 month subscription can be limited to 12% to avoid distortion in pricing.*

*Long term plans may be allowed on NCF and DRP also as it is difficult to separate the two.*

**20) Whether Broadcasters also be allowed to offer discount on MRP for long term subscriptions?**

*As the customer may change the plans from month to month, a long terms customer of a DPO may not be a long term subscriber of a channel. Hence, discount on MRP by broadcaster may be difficult to track.*

*Effectively, the discount has to be met by the DPO. As the distribution fee margin is only 20% and has to be shared with LCO, DPO will not be able to provide discount from its margin.*

*It is requested that the 15% broadcaster discount allowed by the Broadcaster to DPO may be enhanced to 30% and be delinked from minimum guarantee / penetration discount and offered separately so that DPO can meet the increasing expenses and also offer long term plan discounts.*

**21) Is the freedom of placement of channels on EPG available to DPOs being misused to ask for placement fees? If so, how this problem can be addressed particularly by regulating placement of channels on EPG?**

*The provision is not being misused by DPOs under the new regime. Some broadcasters are approaching the DPOs to place the channels at a specific LCN and to increase the visibility of their channel.*

*As pointed out in the consultation paper, the channels can be placed:*

- a) Language wise and within a language, genre wise OR*
- b) Genre wise and within a Genre, Language wise OR*
- c) A combination of both.*

*As subscribers of an MSO are used to the legacy of channel placement, a combination of a and b above may be allowed. As the channel placement can not be changed for one year from the assignment date, the misuse can be avoided.*

**22) How the channels should be listed in the Electronic Program Guide (EPG)?**

*As mentioned above in Q 21, a combination of :*

- a) Language wise and within a language, Genre wise and*
- b) Genre wise and within a Genre language wise may be allowed.*

*i.e. a DPO may for example,*

- a) list all Telugu GEC channels followed by Telugu News channels, Telugu Movie channels*
- b) Thereafter, it may place Hindi GEC etc*
- c) and thereafter, it may list Kids genre and within Kids genre, place kids channels of various languages together.*

*Such a flexibility may be allowed with a condition that, once an MSO chooses this, LCN or ranking within the language/ genre should not be changed for a year from the assignment date.*

**23) Whether distributors should also be permitted to offer promotional schemes on NCF, DRP of the channels and bouquet of the channels?**

*As allowed for the broadcasters, DPOs may also be allowed to offer promotional NCF and DRPs.*

**24) In case distributors are to be permitted, what should be the maximum time period of such schemes? How much frequency should be allowed in a calendar year?**

*DPOs may be allowed to offer promotional offers maximum 2 times a year and not exceeding 90 days on each such promotion.*



**25) What safeguards should be provided so that consumers are not trapped under such schemes and their interests are protected?**

*As long as the DPOs / LCOs make disclosures transparently and within the regulatory framework, the subscriber is safeguarded.*

*Such promotional offer shall be reported to TRAI atleast 1 week before the launch of such offer.*

**26) Whether DPOs should be allowed to have variable NCF for different regions? How the regions should be categorized for the purpose of NCF?**

*No. The NCF should be same for all territories. However, LCOs may offer discounts to their subscribers on their own depending on the market conditions.*

**27) In view of the fact that DPOs are offering more FTA channels without any additional NCF, should the limit of one hundred channels in the prescribed NCF of Rs. 130/- to be increased? If so, how many channels should be permitted in the NCF cap of Rs.130/-?**

*NCF of Rs 130 for 100 channels is a major problem in several areas – especially in Semi urban / rural areas. Several LCOs are leaving the industry as it has become unaffordable to run cable networks.*

*While DTH has a fixed transponder cost, on a cable network, the Cost of running a cable network at LCO level is not at all dependent on number of channels delivered.*

*Even at MSO level, other than capital expenditure incurred to build network capacity, there is no bearing of number of channels on the cost of maintaining the network.*

*The operational cost of maintaining cable network mainly consists of:*

- a) Electricity*
- b) Right of Way charges*
- c) Labour for network maintenance*
- d) Spares / materials*

- e) *Transport cost / logistics to visit customer*
- f) *Collection cost*
- g) *Cost of capital*

*And none of these expenses are dependent on number of channels delivered. These expenses vary widely from place to place and state to state.*

*The cost goes up further if multiple LCOs compete in a locality as the subscriber base comes down while the costs are fixed.*

*While in a metro city, the density of subscribers is high and hence the cost per subscriber is lower compared to a semi urban / rural area where houses are far apart and the expenses are more.*

*While the broadcasters have increased their channel prices 4x to 6 x compared to pre NTO, the allowed NCF is lower than pre NTO – especially for places where cost per home is high.*

*NCF fixation at Rs.130 while it itself was low, is already 2.5 years old (prescribed in March 2017) and it is recommended to apply an inflation rate of 10% p.a. which comes to Rs.165 p.m.*

*It is recommended that NCF be fixed at a flat Rs 170 p.m. irrespective of number of channels.*

**28) Whether 25 DD mandatory channels be over and above the One hundred channels permitted in the NCF of Rs. 130/-?**

*The channels counted for NCF should include DD channels along with FTA channels, pay channels and local cable Channels / platform services.*

**29) In case of Recommendations to be made to the MIB in this regard, what recommendations should be made for mandatory 25 channels so that purpose of the Government to ensure reachability of these channels to masses is also served without any additional burden on the consumers?**

*As mentioned in Q28, channel count for NCF should include FTA channels (including DD channels), pay channels and local cable Channels / platform services.*

**30) Stakeholders may also provide their comments on any other issue relevant to the present consultation.**

- a) DPOs may be allowed to combine FTA and pay channels in the suggestive packs for easiness of selection by subscribers.*
- b) Platform services may also be treated as a channel under regulations so that it acts as an competition to satellite channels and it provides value to the subscriber especially on local events.*